REMARKS

Claims 1-14, 17-20 and 25-30 are pending in this application. Claims 15-16 and 21-24 have been cancelled. Claims 1, 10-14 and 17 have been amended. Claims 25-30 are newly added. Claims 1, 10 and 25 are independent.

In paragraph 1 of the Office Action, claims 1-24 were rejected as being directed to non-statutory subject matter. In accordance with the Examiner's suggestion, independent claims 1 and 10, and newly added independent claim 25, recite that the steps are performed by a program executing on a computer. Thus, the pending claims are believed to present statutory subject matter. Withdrawal of the rejection of the claims under 35 U.S.C. 101 is requested.

In paragraph 2 of the Office Action, claims 1-24 were rejected under 35 USC 112, second paragraph, as being indefinite. The amendments have removed many of the terms that caused problems. The other terms are well-defined in the specification. For the Examiner's convenience, the pertinent portions of the specification are set forth below, in Arial typeface. All terms used in the claims are believed to be definite, and so withdrawal of the rejection of claims 1-14 and 17-20 as being indefinite is requested.

System 5 is a general purpose computer or network of computers programmed in accordance with the present invention and functions as a platform for allowing electronic liquidity finder (ELF) programs and umpire programs to interact. The platform of system 5 embodies a protocol for standardizing market trading methodologies, order representation and processing, and data formats. (page 4, lines 14-19)

In conventional securities trading systems, the term "platform" usually indicates a system for mapping data from disparate data sources onto one or more display screens to aid in comprehension of the data by a securities trader. An objective of a conventional platform is to make it easier for the securities trader to communicate with

disparate data sources. In contrast, as used herein and in the claims, the term "platform" indicates a computer system for supporting software processes that can exist independently of each other and that communicate with each other in a standardized manner. That is, the platform makes it easier for processes to communicate with each other. (page 4, lines 23-30)

An ELF may be thought of as a virtual floor broker that operates at electronic speeds. Forming an ELF is the culmination of a procedure involving configuring an order-handling program with specifications from a trader, and executing the configured program on the platform of system 5 to create an order handling engine, also referred to herein as a ***trading process***. An order ELF may be coupled to as many order umpires as desired. (page 5, lines 9-13)

Typically, order ELF (oE) programs are agents representing orders from customers. An ELF program interacts with umpire programs and platform services 60; an ELF program does not directly communicate with any other ELF program. Each ELF program also communicates with its owner external to system 5. (page 7, lines 18-21)

oE 10 can act in any of the following ways depending on its own logic and the procedures of the oU it is interacting with, such as:

- Accept the price for all or part of its order;
- Counter-offer by proposing a different price;
- Request that the oU conduct an auction for its order;
- Request a stop;
- Choose to join the crowd for the oU;
- Take shares up to x1, price not worse than x2, not less than x3 shares;
- Route a market order to the oU; or
- Post its order or a portion thereof with the oU.

(page 9, line 30 – page 10, line 8)

An order umpire may be thought of as a formal or informal market that defines and implements the rules of engagement by which information or merchandise is exchanged between ELFs. An umpire is formed by configuring a market program with

configurations from a market provider, and executing the configured program on the platform of system 5 to create a ***market process***. Generally, if activity in multiple markets is desirable, an order ELF elects to couple to multiple umpires associated with such markets, rather than expecting the umpires to link with each other. (page 5, lines 14-20)

An order umpire (oU) program serves as a facility that implements the rules of engagement between two or more ELFs for exchanging information or merchandise. (page 13, lines 5-6)

An umpire program provides services to ELF programs and may represent orders sent to it by ELF programs. An umpire program interacts with ELF programs and platform services 60; the umpire program does not directly communicate with any other umpire program. Umpire programs do not communicate directly with users external to system 5. (page 13, lines 13-16)

Service: Routing control for orders

System 5 enables sophisticated and flexible management of order flow by providing various features that a trader uses as desired.

When an order room sends an order to system 5, the order room can choose from among multiple order ELFs. Each order ELF implements a desired order processing strategy, ranging from a very simple strategy such as, "no discovery just forward to market with best price," to a complicated strategy such as ... Accordingly, orders with a simple handling strategy need not be delayed while processing orders with a more complicated handling strategy. Since an order room can instantiate as many order ELFs as desired, system 5 is readily scalable.

Because each order ELF can implement a different strategy, traders can provide as much personalization as desired to each type of order, based on the characteristics of the order as well as market characteristics.

The amount and type of discovery performed for each order can also differ depending on the characteristics of the order and market characteristics. Thus, routing can be based on an internal decision process alone, sometimes with previously

obtained data and/or advice, or can be based on external data and/or advice obtained especially to make a routing decision.

...

An order umpire routes when it applies discretion rules to the orders in its stored order file, also referred to as its book, resulting in booked orders being shown to an active oE or matched with an order from an active oE.

Since umpires can also implement different strategies, and special codes can be defined for a particular pair of umpire and ELF, the discovery responses provided to an ELF can be very personalized, reflecting the relationships between the umpire and ELF as well as other ELFs.

System 5 enables an order to obtain discovery from as many formal and informal markets as desired. A formal market is an organized trading market complying with SEC rules. An informal market is any liquidity provider other than a formal market, such as an individual willing to provide liquidity, possibly only to selected parties.

In system 5, after an order ELF obtains discovery, the order ELF uses a private decision table to build an action list of actions to take for an order. The "build action list" procedure enables an order ELF to make sophisticated decisions based on characteristics of the order, market characteristics and the discovery responses. ***Orders are routed in accordance with the action list built via this highly flexible decision procedure.***

Conventional trading systems lack the panoply of features available in system 5, and fail to provide some of the routing features available in system 5. In conventional systems, orders are all processed with generally the same methodology, even orders with few or no parameters requiring specialized handling; accordingly, simple orders are held up by complex orders and suffer processing delay due to the complexity needed to handle other order types. Conventional systems often have bottlenecks that inhibit their scalability. Conventional trading systems do not provide for personalized, relationship-dependent order handling by market. Conventional trading systems support only formal markets. Informal markets are not facilitated or supported in conventional trading systems. Accordingly, the order routing ability of conventional trading systems is primitive.

(page 23, line 17 - page 25. line 6)

Fig. 24 is a flowchart showing how oE 10 processes an order. At step 505, oE 10 ascertains how much discovery is required for this order. If none, oE 10 proceeds to step 535. (page 58, lines 5-6) At step 535, oE 10 executes a decision process to build an action list, shown in Fig. 27. An "action" can consist of, among other things, "taking" some portion of an order discovered at an umpire, posting part of the order at some umpire, routing an order to an umpire for processing, joining the crowd at some umpire, or forwarding obtained information to order room 70. It will be understood that the mechanics of taking part of an order and posting may differ by umpire, but the interface with the ELF is uniform and the result of posting is that the posted order quantity is available to interact with the umpire and/or the umpire's crowd subject to the umpire's methods. At step 545, oE 10 acts on the actions in the just-created action list, such as by transmitting the actions to umpires, as shown in Fig. 28, or sending discovery information to the order room. (page 59, lines 1-10)

Generally, an ELF makes a decision using ***a decision table, a set of conditional rules applied at the specified point in the trading process***, such as when an order is received, when a price is first received, when a price improvement opportunity is received when the ELF is in the crowd for an umpire, or upon reporting of an execution to make an allocation of the executed quantity among appropriate parties. The ELF's decision-making parameters are transparent to an umpire. Tables 5-7 provide examples of decision tables. (page 50, lines 7-12)

In paragraph 4 of the Office Action, claims 1-9 were rejected under 35 USC 102(e) as anticipated by U.S. Patent No. 6,014,643 (Minton).

Claim 1 is directed to a method of facilitating trading, comprising:

automatically at a trading platform executing on at least one computer, executing a set of order handling programs to generate respective trading processes, each trading process operating

according to a respective trading methodology selected by a user of the trading process, each of the trading methodologies incorporating standards for using the trading platform, and

automatically at the trading platform, routing orders from the set of trading processes to a plurality of markets in accordance with the respective trading methodologies.

Minton discloses only one type of trading methodology, not a plurality of trading methodologies as required by claim 1.

Minton routes orders to only one central server, not to a plurality of markets as required by claim 1.

Accordingly, claim 1 is not anticipated by Minton. Claims 2-9, in depending from claim 1, incorporate all of its features and so are also not anticipated by Minton. Withdrawal of the rejection of claims 1-9 under 35 USC 102(e) is requested.

In paragraph 6 of the Office Action, the Examiner issued a requirement for information under 37 CFR 1.105. To the best of applicant's knowledge, no products or services currently embody the disclosed subject matter.

In paragraph 7 of the Office Action, the Examiner required a citation to each publication that was relied upon to draft the claimed subject matter. Applicant states that no publications were relied upon to draft the claimed subject matter.

The last paragraph of paragraph 7 of the Office Action implies that the claimed subject matter is prior art. Applicant traverses this implication. The claimed subject matter is believed to not be in the prior art.

Allowance of the claims is solicited. The Examiner is invited to call the undersigned to discuss any issues.

Respectfully submitted,

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